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RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 4553
RUEHCV/AMEMBASSY CARACAS PRIORITY 3590
RUEHGT/AMEMBASSY GUATEMALA PRIORITY 0322
RUEHLP/AMEMBASSY LA PAZ PRIORITY 5127
RUEHPE/AMEMBASSY LIMA PRIORITY 3339
RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 6724
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0322
RUEHOT/AMEMBASSY OTTAWA PRIORITY 1011
RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 0168
RUEHQT/AMEMBASSY QUITO PRIORITY 2117
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 6056
RUEHRG/AMCONSUL RECIFE PRIORITY 6145
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 3757
RUEHSO/AMCONSUL SAO PAULO PRIORITY 9072
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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 000132

SIPDIS

SIPDIS

E.O. 12958: DECL: 01/11/2017

TAGS: [PREL](#) [ECON](#) [ENRG](#) [BR](#) [RU](#)

SUBJECT: RUSSIA DOWNPLAYS MILITARY SALES IN BRAZIL BUT
LOOKS TO TRIPLE TRADE

REF: A. BRASILIA 02692

[1](#)B. BRASILIA 00053

Classified By: AMBASSADOR CLIFFORD SOBEL FOR REASONS: 1.4 (B)(D).

[1](#)1. (C) Summary. The Ambassador met with his Russian counterpart, Ambassador Vladimir L. Tyurdenev, on January 12, 2007 at the Russian Embassy. Tyurdenev spoke candidly about bilateral relations, trade, Russian hopes to furnish equipment and expertise to the potential regional gas pipeline project, a proposed military helicopter sale (reftel), and Russia's trade presence in Latin America in general. Tyurdenev downplayed the proposed helicopter sale as simply a way that Russia could offset the trade imbalance. End Summary.

The Russian Ambassador

[1](#)2. (C) Tyurdenev has served in Brazil since before President Putin's visit in November 2004. Previously, he served as Ambassador to Argentina from 2000-2004. Prior to that he worked in any of the Newly Independent States and joked that Latin America was his reward for that service. He worked in Brasilia previously many years ago as a younger officer under the Soviet Union.

Investment and Trade, including Helicopters

[1](#)3. (C) Tyurdenev said Russian investments in Brazil were not large, only about USD 300,000. He mentioned that Brazilian investment in Russia was much more significant but still modest by global standards, particularly businesses in Kaliningrad amounting to somewhere between USD 10-15 million. He said investments by Russian entrepreneurs have always been a problem noting that some businessmen were interested in Brazil's bauxite, but

found Guyana to be easier to deal with. Tyurdenev also reported that some Russians were interested in developing an irrigation system in Bahia, but the incompatibility of the Russian and Brazilian banking systems was irreconcilable. Tyurdenev continued, saying he has hope that coming years may improve the situation, but at present two hands are enough to count the Russian investors in Brazil.

¶4. (C) Turning to military sales, Tyurdenev said that trade with Brazil is unbalanced. Russia is importing meat, coffee, and sugar from Brazil, but only supplying a limited amount of fertilizers. Although trade went up about 5% in 2006, the relationship is 4 to 1 (\$3 billion in Brazilian exports versus \$1 billion in Russian exports). He pointed out Brazilians are aggressive, in the positive sense, when it comes to commerce. He said he sees technology as an area where trade can improve and a recent helicopter deal (ref:tel A) was an attempt to help balance the Brazilian-Russian relationship. He also stated that the primary use for these helicopters would be to accommodate Brazilian transportation needs in remote areas.

¶5. (U) When the Ambassador noted great opportunities in spite of the many complications faced in Brazil, Tyurdenev replied relations between big countries are always complicated.

¶6. (U) Tyurdenev expressed his solidarity with the US over the rocket attack in Athens and said that any attack on a diplomatic mission is barbarism.

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Regional Gas Pipeline -----

¶7. (C) Tyurdenev mentioned that the proposed regional gas pipeline stretching from Venezuela to Argentina was not really an opportunity for Russian investment, but the Russians would be interested in offering to share technical expertise and sell pipeline equipment should the project advance. The work in the Brazilian portion, however, would be done by Brazilians -- as he said the Brazilians prefer.

¶8. (C) Tyurdenev said that the Russian mission to Venezuela is not large but noted that the Russian oil company Gazprom is represented there.

----- Russian Priorities in Brazil -----

¶9. (C) Tyurdenev noted that his priorities as Ambassador to Brazil are:

¶A. (C) The economic area: noting that only Cuba, Argentina, and Brazil have permanent Russian commercial missions. Tyurdenev said his ambitious goal is to increase trade to USD 10 billion by 2010 from the 2006 total of just over USD 4 billion.

¶B. (C) Technology: saying that in the 1980s Brazil invited several Russian scientists to Brazil. He specifically mentioned the space agency agreement recently signed (ref:tel B). He said this area is promising, but that he does not expect extraordinary results.

¶C. (C) Political relations: although he said there are no political problems, Brazil often engages with the Russians in intense political dialogue. He noted during his term there has been one Putin visit to Brasilia and two Lula visits to Moscow.

¶10. (C) Tyurdenev continued saying that he does not expect any change in the Brazilian foreign policy agenda because the

same players are still there. He expressed a wish that Brazil would be more pragmatic because Russia needs a reliable economic partner.

¶11. (C) Comment: Tyurdenev was forthcoming regarding Russia,s economic goals in Brazil. However, twice he downplayed Russia,s role, specifically when discussing military helicopter sales and Russia,s economic interests in Venezuela; he seemed to be side-stepping these issues. Perhaps this was simply his effort to be diplomatic, but post suspects that Russia has a broader agenda than Tyurdenev suggests, especially when projecting a 250 percent increase in trade with Brazil in three years. Given the low private investment levels between the two countries, military sales seem to be the likely component of this significantly increased trade plan. End comment.

SOBEL